GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:2012
ANSWERED ON:03.08.2001
DISINVESTMENT IN TELEPHONE SECTOR
BALIRAM

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Government have taken a decision to carry out disinvestment in Videsh Sanchar Nigam Limited, Bharat Sanchar Nigam Limited and Mahanagar Telephone Nigam Limited;

(b) if so, the details thereof and rationale behind this move; and

(c) the time by which the above process is likely to be initiated?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE DEPARTMENT OF DISINVESTMENT, MINISTER OF STATE MINISTRIES OF PLANNING, STATISTICS & PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE DEPARTMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCES (SHRI ARUN SHOURIE)

(a) & (b) The Government had in July, 1999 accorded approval to the disinvestment of upto 19 million of Government`s shares in Mahanagar Telephone Nigam Limited(MTNL) based on the advice of the Disinvestment Commission to bring down the equity in the company to 51% through GDR route and offerings in the domestic market. However, on account of adverse market conditions, this GDR issue could not take place.

The Government has decided, in February 2001, to retain 26% equity in Videsh Sanchar Nigam Limited (VSNL) and to disinvest 25% equity capital through strategic sale and issue of 1.97% of equity capital in favour of employees of the company. The decision is in accordance with the declared policy of the Government that the Government will, in generality of cases, reduce its equity to 26% or below in Public Sector Undertakings (PSUs) operating in non-strategic areas. In the case of VSNL, Government had also announced the withdrawal of the company`s monopoly over international long distance telephony from April 2002 instead of April 2004 announced earlier. This necessitated in the urgency to prepare VSNL for the impending competition in the sector.

As of now, there is no decision for disinvestment in Bharat Sanchar Nigam Limited (BSNL) and for further disinvestment in Mahanagar Telephone Nigam Limited (MTNL).

(c) The process of disinvestment in VSNL has been taken up but not yet completed.